

COMMONWEALTH OF VIRGINIA

DELEGATE DANNY MARSHALL, III Chair
SENATOR MAMIE LOCKE, Vice-Chair

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VIRGINIA HOUSING COMMISSION

AGENDA

**Virginia Housing Commission Wednesday,
July, 13, 2022, 10:00 a.m.
Senate Room A, The Pocahontas Building**

Welcome and Call to Order

Delegate Danny Marshall, Chair

EXECUTIVE SESSION

Commission Logistics (Bills referred, topics to study, website, contact info)

Elizabeth A. Palen

Demographic Trends in Virginia during the 2020s

*Hamilton Lombard, Research Specialist, Demographics Research Group
Weldon Cooper Center*

Virginia Housing Market Update: Current Trends and Outlook for Housing in Virginia

*Ryan Price, AICP
Chief Economist, Virginia REALTORS*

*Andrew Clark Vice President, Government Affairs
Home Builders Association of Virginia*

Current Housing Situation and Goals (Brief Comments)

*Bismah Ahmed, Vice President of Government Affairs, Virginia, Apartment and Office Building
Association of Metropolitan Washington (AOBA)*

Joe Ciszek, Housing Staff Attorney, Virginia Poverty Law Center

Adjourn

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DELEGATE DANIEL W. MARSHALL, III Chair
SENATOR MAMIE E. LOCKE
ELIZABETH A. PALEN, Executive Director

PHONE (804) 967-3992



VIRGINIA HOUSING COMMISSION

Meeting Summary

**Virginia Housing Commission
Wednesday, July 13, 2022, 10:00 a.m.
Senate Room A, Pocahontas Building**

Introduction

The Virginia Housing Commission (The Commission) met to discuss the current housing crisis in Virginia. The meeting was called to order at 10:00 a.m. by Delegate Danny Marshall. Commission members made their introductions. The meeting format included presentations and discussion. Preceding presentations and discussion, the Commission voted to appoint Elizabeth Palen as their Executive Director. Ms. Palen spoke about plans for the upcoming year, stating that most of the work will be done in workgroups comprised of legislators and stakeholders.

Executive session was called and members of the public exited until its conclusion.

Presentations

Demographic Trends in Virginia During the 2020's

Hamilton Lombard, Weldon Cooper Center

Mr. Lombard presented information on "Demographic Trends in Virginia During the 2020s." Mr. Lombard's data included demographic trends from the 2000's and 2010's for comparison to today's numbers. He stated that overall population growth is slowing. Also, he pointed out that numbers indicate that people are moving out of large metropolitan areas like northern Virginia primarily because of cost-of-living increases. Costs of houses north of the James River have increased dramatically because of migration out of the metro areas.

Discussion followed the presentation. Questions and comments were raised about the effects of the increase of remote work due to the pandemic. Lombard explained that, while remote work has increased, it has not changed the distance people are willing to commute to a physical office building.

Delegate Marshall asked if research was done on the quality of work completed from home versus the quality of those working in an office. Mr. Lombard stated that studies have shown that, depending on the

type of work, most people are as productive at home as they are onsite. Mr. Lombard stated that broadband and telecommuting is going to increase over time and it has the potential to transform communities.

Senator Hashmi stated that because of the shift in telework and broadband access, we are experiencing growth in rural areas. Younger families and professionals are moving out of cities into more remote areas. She asked Mr. Lombard how we can project numbers so that planning can be done for economic, education, and other support needed as these areas grow. Mr. Lombard answered that the most important factor will be maintaining current data, as community landscapes have changed so much in the last few years.

Delegate Bulova asked if there are projections as to what changes in housing might be necessary to bend the curve of the rising housing costs? Further, what can be done in areas like Fairfax (and other metro areas) where housing is more expensive, and people are moving out? Would densification of housing or would single-family homes be the key? Mr. Lombard answered that densification is expensive, and there is a question as to whether high quality densification would compete with other areas in Virginia that can offer single-family homes.

Delegate Marshall pointed out that the difference in cost-of-living between Wake County, North Carolina and Arlington County, Virginia is significant. Mr. Lombard responded that the growth in Wake County has occurred more recently, and that allows more people in the area to fit more comfortably, therefore costs would be less.

Housing Market Trends in Virginia

Ryan Price, Virginia Realtors

Mr. Price presented an update on housing market trends in Virginia (mostly the existing home market). He spoke of the gross domestic product and current trends. Price said that Virginia is recovering well since the pandemic, and that we are recovering better now than during the recession in 2006-2008. In comparison, after the recession, the economy took three years to recover. Since the height of the pandemic, Virginia has taken only a year and one-half to recover. He asserted that this makes economic trends seem optimistic. Mr. Price also spoke about the unemployment rate in Virginia, stating that it is back to pre-pandemic levels. However, there are millions more who have left the labor force during this time. Retirees, those approaching retirement, parents of young children, and public-facing jobs left the labor force in droves during the pandemic.

Mr. Price highlighted mortgage rates, and he stressed that there is a large part of the market where people have only been shopping in very low interest rates (below four percent). It is therefore understandable that people are anxious now as the interest rates are rising. Inflation is affecting mortgage rates, and numbers are expected to level out. Mr. Price stated that the Virginia housing market has been shrinking for the last nine months, after record sales activity in 2021. He said that the supply of housing is so low that it is greatly impacting the housing market.

Mr. Price stated that he anticipates a very competitive housing market in the future because of the low housing supply. He stated that prices are still increasing, even with a lower supply of housing available. The good news is that the pattern is changing slowly, and inventory is beginning to increase, but it will take many years. He pointed out that the market is cooling in the near term due to rising mortgage rates,

high inflation, and general economic uncertainty. However, the overall outlook is positive, as demographics are favorable. Jobs and income are rising and unemployment is decreasing. Mr. Price concluded his presentation with a projection for the market in Virginia, showing that the trends are much better than they were in 2008.

Elizabeth Palen stated that this is the first meeting of the newly constructed Housing Commission, and the Commission will be looking at affordability, home building, apartments, etc., in- depth in further meetings.

Delegate Bulova asked what can state legislators do to help the housing situation in Virginia. Mr. Price answered that legislators can structure the economic growth of the state so that housing is in place to support it. Mr. Clark answered that if the legislators could create more certainty and accountability in the approval process, it would be helpful in keep construction happening.

Residential Land and Construction Trends

Andrew Clark, Home Builders Association

Mr. Clark presented on residential land and construction trends. He stated that material supply is the main issue impacting the housing market right now. Material costs have gone up almost 14 percent over the course of one year, and construction rates have increased largely in the last two years. Also, single-family and multi-family unit building has spiked during this time. Mr. Clark went on to stress, however, that rising mortgage rates and rising construction costs are pricing people out of home purchases at this time.

Rental Property Concerns

Bismah Ahmed, Apartment and Office Building Association of Metropolitan Washington

Ms. Ahmed presented briefly on current rental property concerns. She stressed that an affordability crisis is greatly impacting rental properties, and rising costs could affect people's ability to afford rent. In rental properties, renewal leases comprise the majority of rental agreements, and renewal rates are down seven to eight percent.

Eviction Rates in Virginia

Joe Ciszek, Poverty Law Center

Mr. Ciszek spoke about his concern about the eviction rate in Virginia, and mentioned that there is going to be a great shuffling in the rental housing community due to the economy. He asked that the Commission research a state rental assistance program to help bridge the gap for people facing a housing affordability crisis.

Public Comment

No public comment was offered.

Adjourn

The meeting was adjourned at 12:00 p.m.

****All presentations today are available on the VHC website at www.vhc.virginia.gov****